

## Claims

- [c1] A method of trading, comprising the steps of:
- trading a standardized contract obligating a buyer and a seller to settle the contract based on a price of the contract at a first effective date, through an exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract; and
- determining, using a computer, the price of the contract based on at least one notional cash flow discounted by at least one point on an interest rate swap curve obtained from a swap rate source.
- [c2] The method of Claim 1, further comprising the step of selecting the swap rate source from a floating rate index selected from the group consisting of LIBOR, EURIBOR, and TIBOR.
- [c3] The method of Claim 1, further comprising the step of selecting ISDA swaps rates as the swap rate source.
- [c4] The method of Claim 1, wherein the exchange is a futures exchange and the trading step comprises the step of trading the contract through the futures exchange in an exchange-based trading system.
- [c5] The method of Claim 1, wherein the exchange is a clearing agent and the trading step comprises the step of trading the contract through the clearing agent in an over-the-counter trading system.
- [c6] The method of Claim 1, wherein the trading step comprises the step of transmitting trade data between the buyer and the exchange and between the seller and the exchange via a system of networked computers, said trade data including information relating to the contract.
- [c7] The method of Claim 6, wherein said system of networked computers is a wide area network.

- [c8]           The method of Claim 7, wherein said wide area network is the Internet.
  
- [c9]           The method of Claim 1, further comprising the step of automatically rolling the contract over after the first effective date to a second effective date at which said buyer and seller are obligated to settle based on the price of the contract at the second effective date.
  
- [c10]          The method of Claim 1, wherein said determining step comprises the step of determining the price of the contract based on a government bond from which the at least one notional cash flow is derived, said government bond having a fixed coupon rate and a face value that provide the at least one notional cash flow.
  
- [c11]          The method of Claim 1, wherein the determining step comprises the steps of:  
                   generating a zero coupon curve based on the interest rate swap curve;  
                   generating discount factors corresponding to time periods in which respective of said at least one notional cash flows occur, based on the zero coupon curve; and  
                   multiplying the discount factors by each corresponding notional cash flow.
  
- [c12]          The method of Claim 1, wherein the determining step comprises the step of:  
                   determining the price of the contract at the first effective date;  
                   and wherein the method further comprises:  
                   settling the contract on the first effective date based on the price of the contract determined at the first effective date.
  
- [c13]          The method of Claim 1, wherein the determining step further comprises the step of:  
                   determining the price of the contract daily at the close of trading;  
                   and wherein the method further comprises:  
                   settling daily based on the price determined at the close of trading.
  
- [c14]          The method of Claim 1, wherein the step of trading comprises the step of trading the contract physically.

- [c15] The method of Claim 14, wherein the step of trading the contract physically comprises trading the standardized contract physically on a trading floor of the exchange.
- [c16] The method of Claim 1, wherein the step of trading comprises the step of trading the contract electronically.
- [c17] The method of Claim 1, wherein the settlement price of the contract is based on plural notional cash flows discounted by the at least one point on the interest rate swap curve.
- [c18] A method of trading, comprising the steps of:  
trading an option to trade a standardized contract at a specified strike price by a specified date, said contract obligating a buyer and a seller to settle the contract based on a price of the contract at an effective date, through an exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract;  
determining, using a computer, the price of the contract based on at least one notional cash flow discounted by at least one point on an interest rate swap curve obtained from a swap rate source; and  
settling the option based on the difference between the determined price of the contract and the specified strike price.
- [c19] A computer implemented method for entering trades of a standardized contract obligating a buyer and a seller to settle the contract based on a settlement price of the contract at an effective date, through a remote exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract, the method comprising the steps of:  
receiving at a computer remote from the exchange a quoted price of the contract;

displaying the quoted price of the contract; and  
transmitting from the computer to the exchange an order to trade the  
contract, the settlement price of the contract based on at least one notional  
cash flow discounted by at least one point on an interest rate swap curve  
obtained from a swap rate source.

- [c20] The method of Claim 19, further comprising determining a model price of  
the contract based on the at least one notional cash flow discounted by the  
at least one point on the interest rate swap curve.
- [c21] The method of Claim 19, wherein the settlement price of the contract is  
based on plural notional cash flows discounted by the at least one point on  
the interest rate swap curve.
- [c22] The method of Claim 19, further comprising the step of electronically  
receiving a credit or a charge, based on a difference in an execution price of  
the trade order and the settlement price.
- [c23] The method of Claim 19, further comprising the step of electronically  
receiving a credit or a charge, based on a difference in an execution price of  
the trade order and an execution price of another trade order.
- [c24] A computer implemented system for trading, comprising:  
means for trading a standardized contract obligating a buyer and a seller to  
settle the contract based on a price of the contract at a first effective date,  
through an exchange that guarantees payment to the buyer of any amount  
owed to the buyer from the seller as a result of the contract and that  
guarantees payment to the seller of any amount owed to the seller from the  
buyer as a result of the contract; and  
means for determining the price of the contract based on at least one  
notional cash flow discounted by at least one point on an interest rate swap  
curve obtained from a swap rate source.
- [c25] The system of Claim 24, further comprising means for receiving the swap  
rate source from a floating rate index selected from the group consisting of

LIBOR, EURIBOR, and TIBOR.

- [c26] The system of Claim 24, wherein the swap rate source comprises ISDA swaps rates.
- [c27] The system of Claim 24, wherein the exchange is a futures exchange and the means for trading comprises means for trading the contract through the futures exchange in an exchange-based trading system.
- [c28] The system of Claim 24, wherein the exchange is a clearing agent and the means for trading comprises means for trading the contract through the clearing agent in an over-the-counter trading system.
- [c29] The system of Claim 24, wherein the means for trading comprises means for transmitting trade data between the buyer and the exchange and between the seller and the exchange via a system of networked computers, said trade data including information relating to the contract.
- [c30] The system of Claim 29, wherein said system of networked computers is a wide area network.
- [c31] The system of Claim 30, wherein said wide area network is the Internet.
- [c32] The system of Claim 24, further comprising means for automatically rolling the contract over after the first effective date to a second effective date at which said buyer and seller are obligated to settle based on the price of the contract at the second effective date.
- [c33] The system of Claim 24, wherein said means for determining comprises means for determining the price of the contract based on a government bond from which the at least one notional cash flow is derived, said government bond having a fixed coupon rate and a face value that provide the at least one notional cash flow.
- [c34] The system of Claim 24, wherein said means for determining comprises: means for generating a zero coupon curve based on the interest rate swap

curve;

means for generating discount factors corresponding to time periods in which respective of said at least one notional cash flows occur, based on the zero coupon curve; and

means for multiplying the discount factors by each corresponding notional cash flow.

[c35] The system of Claim 24, wherein the means for determining comprises:  
means for determining the price of the contract at the first effective date;  
and wherein the system further comprises:  
means for settling the contract on the first effective date based on the price of the contract determined at the first effective date.

[c36] The system of Claim 24, wherein the means for determining comprises:  
means for determining the price of the contract daily at the close of trading;  
and wherein the system further comprises:  
means for settling daily based on the price determined at the close of trading.

[c37] The system of Claim 24, wherein the settlement price of the contract is based on plural notional cash flows discounted by the at least one point on the interest rate swap curve.

[c38] A computer implemented system for trading, comprising:  
means for trading an option to trade a standardized contract at a specified strike price by a specified date, said contract obligating a buyer and a seller to settle the contract based on a price of the contract at an effective date, through an exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract;  
means for determining the price of the contract based on at least one notional cash flow discounted by at least one point on an interest rate swap curve obtained from a swap rate source; and

means for settling the option based on the difference between the determined price of the contract and the specified strike price.

[c39] A computer implemented system for entering trades of a standardized contract obligating a buyer and a seller to settle the contract based on a settlement price of the contract at an effective date, through a remote exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract, the system comprising:

means for receiving at a computer remote from the exchange, a quoted price of the contract;

means for displaying the quoted price of the contract; and

means for transmitting from the computer to the exchange an order to trade the contract, the settlement price of the contract based on at least one notional cash flow discounted by at least one point on an interest rate swap curve obtained from a swap rate source.

[c40] The system of Claim 39, further comprising means for determining a model price of the contract based on the at least one notional cash flow discounted by the at least one point on the interest rate swap curve.

[c41] The system of Claim 39, wherein the settlement price of the contract is based on plural notional cash flows discounted by the at least one point on the interest rate swap curve.

[c42] The system of Claim 39, further comprising means for electronically receiving a credit or a charge, based on a difference in an execution price of the trade order and the settlement price.

[c43] The system of Claim 39, further comprising means for electronically receiving a credit or a charge, based on a difference in an execution price of the trade order and an execution price of another trade order.

[c44] A computer readable medium containing program instructions for execution

on a computer system, which when executed by the computer system, cause the computer system to perform method steps for trading a contract, said method comprising the steps of:

trading a standardized contract obligating a buyer and a seller to settle the contract based on a price of the contract at a first effective date, through an exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract; and

determining the price of the contract based on at least one notional cash flow discounted by at least one point on an interest rate swap curve obtained from a swap rate source.

[c45] The computer readable medium of Claim 44, further comprising computer-executable instructions for causing the computer system to perform the step of receiving the swap rate source from a floating rate index selected from the group consisting of LIBOR, EURIBOR, and TIBOR.

[c46] The computer readable medium of Claim 44, further comprising computer-executable instructions for causing the computer to perform the step of receiving ISDA swap rates as the swap rate source.

[c47] The computer readable medium of Claim 44, wherein the exchange is a futures exchange and the trading step comprises the step of trading the contract through the futures exchange in an exchange-based trading system.

[c48] The computer readable medium of Claim 44, wherein the exchange is a clearing agent and the trading step comprises the step of trading the contract through the clearing agent in an over-the-counter trading system.

[c49] The computer readable medium Claim 44, wherein the trading step comprises the step of transmitting trade data between the buyer and the exchange and between the seller and the exchange via a system of



networked computers, said trade data including information relating to the contract.

[c50] The computer readable medium of Claim 49, wherein said system of networked computers is a wide area network.

[c51] The computer readable medium of Claim 50, wherein said wide area network is the Internet.

[c52] The computer readable medium of Claim 44, further comprising program instructions for causing the computer system to perform the step of automatically rolling the contract over after the first effective date to a second effective date at which said buyer and seller are obligated to settle based on the price of the contract at the second effective date.

[c53] The computer readable medium of Claim 44, wherein said determining step comprises the step of determining the price of the contract based on a government bond from which the at least one notional cash flow is derived, said government bond having a fixed coupon rate and a face value that provide the at least one notional cash flow.

[c54] The computer readable medium of Claim 44, wherein the determining step comprises the steps of:  
generating a zero coupon curve based on the interest rate swap curve;  
generating discount factors corresponding to time periods in which respective of said at least one notional cash flows occur, based on the zero coupon curve; and  
multiplying the discount factors by each corresponding notional cash flow.

[c55] The computer readable medium of Claim 44, wherein the determining step comprises the step of determining the price of the contract at the first effective date;  
and wherein the computer readable medium further comprises computer-executable instructions for causing the computer system to perform the step of settling the contract on the first effective date based on the price of the

contract determined at the first effective date.

[c56] The computer readable medium of Claim 44, wherein the determining step comprises the step of determining the price of the contract daily at the close of trading; and  
wherein the computer readable medium further comprises computer-executable instructions for causing the computer system to perform the step of settling daily based on the price determined at the close of trading.

[c57] The computer readable medium of Claim 44, wherein the settlement price of the contract is based on plural notional cash flows discounted by the at least one point on the interest rate swap curve.

[c58] A computer readable medium containing program instructions for execution on a computer system, which when executed by the computer system, cause the computer system to perform method steps for trading a contract, said method comprising the steps of:  
trading an option to trade a standardized contract at a specified strike price by a specified date, said contract obligating a buyer and a seller to settle the contract based on a price of the contract at an effective date, through an exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract;  
determining the price of the contract based on at least one notional cash flow discounted by at least one point on an interest rate swap curve obtained from a swap rate source; and  
settling the option based on the difference between the determined price of the contract and the specified strike price.

[c59] A computer readable medium containing program instructions for execution on a computer system, which when executed by the computer system, cause the computer system to perform method steps for entering trades of a standardized contract obligating a buyer and a seller to settle the contract

based on a settlement price of the contract at a first effective date, through a remote exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract, said method comprising the steps of:  
receiving at the computer a quoted price of the contract;  
displaying the quoted price of the contract; and  
transmitting from the computer to the exchange an order to trade the contract, the settlement price of the contract based on at least one notional cash flow discounted by at least one point on an interest rate swap curve obtained from a swap rate source.

[c60] The computer readable medium of Claim 59, further comprising computer-executable instructions for causing the computer system to perform the step of determining a model price of the contract based on the at least one notional cash flow discounted by the at least one point on the interest rate swap curve.

[c61] The computer readable medium of Claim 59, wherein the settlement price of the contract is based on plural notional cash flows discounted by the at least one point on the interest rate swap curve.

[c62] The computer readable medium of Claim 59, further comprising computer-executable instructions for causing the computer system to perform the step of electronically receiving a credit or a charge, based on a difference in an execution price of the trade order and the settlement price.

[c63] The computer readable medium of Claim 59, further comprising computer-executable instructions for causing the computer system to perform the step of electronically receiving a credit or a charge, based on a difference in an execution price of the trade order and an execution price of another trade order.